

MEHTA'S MORNING BELL



Here is what You may
be interested this morning!

TODAY'S ECONOMIC CALENDAR

Great Britain: BRC Retail Sales Monitor (YoY), Housing Equity Withdrawal (QoQ), Construction PMI (Sep)

Japan: 30-Year JGB Auction

India: Nikkei Services PMI (Sep)

Euro: German Factory Orders (MoM) (Aug), IHS Markit Construction PMI (Sep)

USA: EIA Short-Term Energy Outlook, Imports, Exports, Trade Balance (Aug), Redbook (YoY), Redbook (MoM), JOLTs Job Openings (Aug), 3-Year Note Auction, 52-Week Bill Auction

Good Morning & Welcome to Tuesday's trading action at Dalal Street dated 6th October 2020.

Wash, rinse and repeat continues to be the theme at Dalal Street's bullish cycle.

That brings us to our **call of the day** which suggests dip-buying likely to be the preferred strategy, driving Nifty to 31st August 2020 intermediate highs' at 11795.

Should strength continue at this velocity then the up move will be much profound and anything beyond Nifty 11795 would qualify as something super-convincing.

Greeting Nifty bulls' with positive beats are catalysts like:

- Hopes that U.S. lawmakers will reach a deal to provide a fresh stimulus of \$2.2 trillion. Trump's hospitalization seems to have improved chances for a stimulus bill.
- Improvement in US President Donald Trump's health.
- Former Vice President Joe Biden's rising lead in the polls suggest a more decisive outcome in the U.S 3rd November Presidential elections.

Bottom-line: For stocks markets to move up, the need of the hour is more fiscal stimulus.

Now, before we get into detail, here are other key things to know before today's market open:

- The next debate between President Donald Trump and Joe Biden is on October 15th.
- The Supreme Court (SC) granted time to the government and the Reserve Bank of India (RBI) to file additional affidavits and the hearing will resume on October 13.
The SC has previously said there is "no merit in charging interest on interest". The RBI had on June 4 said lenders will lose Rs 2 lakh crore if interest is waived during the moratorium period.
- The street will spy with one big eye for any fiscal stimulus before the start of the festive season.
- Monday's provisional data suggests that, FII's bought shares worth Rs. 236.71 crores. DIIs however sold shares worth Rs. 471.56 crores in the Indian Equity market.
- Options data suggests Nifty is likely to be in a higher trading range as maximum Call OI is at 12000. This is followed by 12500 Strike Price. Maximum Put open interest stands at 10500 levels. Call writing was seen at 11800 followed by 12100 levels, while there was meaningful Put writing at 11500. Well, the said data indicates a higher trading range between 11400 and 12000 levels.
- TCS will officially set afire the ceremonial starters pistol for FY20-21 Q2 earnings season. TCS will also consider a buyback of shares on October 7, when the company board meets for the second quarter results. The firm in 2018 had gone for a Rs 16,000-crore share buyback. Incidentally, TCS is the first technology company to consider a buyback of its shares in the current fiscal. The company had cash reserves of Rs 73,993 crore in March 2020.
- The positive takeaway from yesterday's trading session was that IT index outperformed which was up 3.6% as against Nifty's gains of 1.56%. The positive catalyst which worked in favor of IT stocks was that a federal judge temporarily blocked US President Donald Trump's ban on issuing work visas, saying such "a radical change in policy" does not serve public interest.
- This brings us to our chart of the day which suggests HCL TECH as our preferred bet amongst IT stocks. Amongst other momentum stocks we like DIVIS LAB, GLENMARK and SUN PHARMA.

SGX Nifty: (+29, 11553)

All about Nifty & Bank Nifty:

Indices	CMP	Support	Resistance	21 DMA	200 DMA	Range	Preferred Trade
Nifty	11503	11333	11621	11324	10739	11433-11621	Buy between 11433-11451 zone. Targets at 11621/11795 /12001 with stop at 11201.
Bank Nifty	22371	21801	23001	21985	23962	21801-23001	Buy at CMP. Targets at 22501 /23501/25251. Stop at 21517.

All about stocks (F&O Trades):

Instruments	CMP	Support	Resistance	21 DMA	200 DMA	Bias	Preferred Trade
BATA INDIA	1344	1283	1404	1321	1429	Positive	Buy between 1313-1321 zone. Targets 1404/1545. Stop 1249.
DIVISLABS	3126	2983	3291	3151	2370	Positive	Buy at CMP. Targets 3291/3351. Stop 2977.
GLENMARK	497	481	519	481	372	Positive	Buy at CMP. Targets 519/547. Stop 479.

All About Option Trades:

Option Trade: BUY NIFTY 15th OCTOBER CE Strike Price 11600 at CMP 92.95. Profit: Unlimited. Maximum Loss: Rs. 6,971.25/-. Stop: Exit Call Option if Nifty moves below 11465. (Nifty October Futures CMP 11527)

All about stocks (Medium Term Trades):

Stocks	CMP	Support	Resistance	21 DMA	200 DMA	Bias	Preferred Trade
SANOFI	8664	7793	9000	8487	7584	Positive	Buy at CMP. Targets 9000/9750. Stop 7793.
HCLTECH	824	653	901	783	597	Positive	Buy at CMP. Targets 901/1000. Stop 653.

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